

# **Operating Budget Capital Budget Interactions**

# Capital Budget Decisions Sometimes Increase Operating Budget Costs

- The Bond Budget always increases Operating Budget costs for debt service payments.
- Land acquisitions increase costs for maintenance, security, weed control, and often payment in lieu of taxes.
- Development of new state facilities increase costs to operate and maintain those facilities.
- Modifications or repairs to state facilities can sometimes increase operating costs for maintaining newer technology or managing more staff intensive systems.

# Capital Budget Decisions Sometimes Decrease Operating Budget Costs

- Improved designs of new facilities, if reduced operating cost are an objective of those designs, can increase operating efficiencies and reduce operating budget costs.
- Development of new state facilities that consolidate functions can reduce operating costs, but often the savings are not achieved.
- Modifications or repairs to state facilities can sometimes decrease operating costs required to maintain old and obsolete systems.